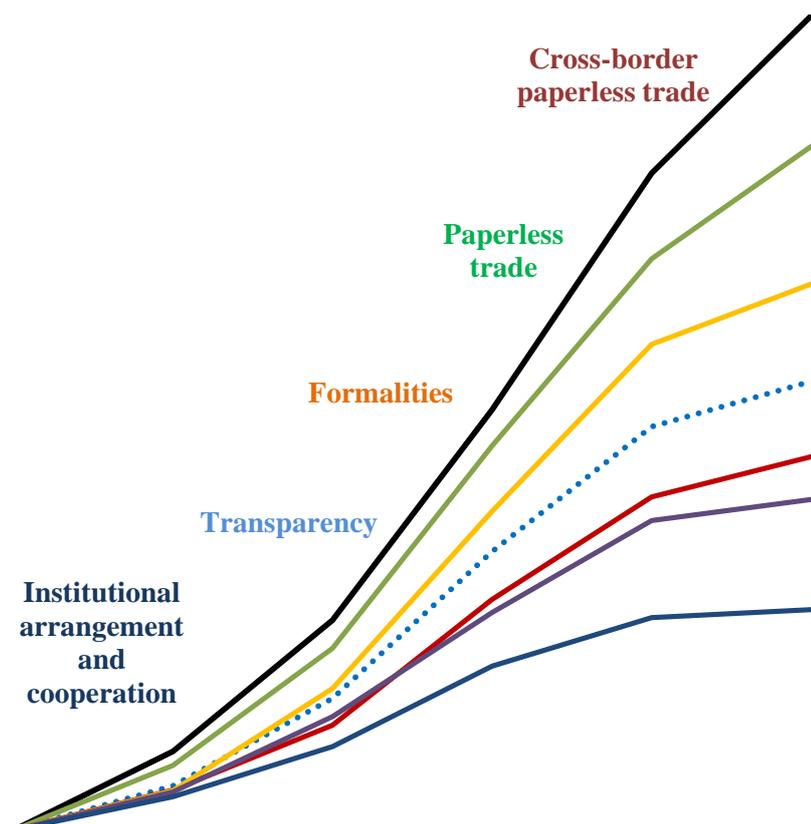

Joint United Nations Regional Commissions

Trade Facilitation and Paperless Trade Implementation Survey 2015

Europe and Central Asia Report



Copyright © United Nations 2015
All rights reserved

The report is available at: <http://unnex.unescap.org/UNTFsurvey2015.asp>

Disclaimers:

The designation employed and the presentation of the material in the Report do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The United Nations bears no responsibility for the availability or functioning of URLs.

Opinions, figures and estimates set forth in this publication are the responsibility of the authors, and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations. Any errors are the responsibility of the authors. Mention of firm names and commercial products does not imply the endorsement of the United Nations.

The report has been issued without formal editing.

CONTENTS

I. Introduction: The Global Survey on Trade Facilitation and Paperless Trade	4
Background and objectives	4
II. Survey Instrument and Methodology	4
Origin of the data	4
Categories	5
III. Trade Facilitation: Key Findings of the Survey	7
Transparency	10
Formalities	12
Institutional arrangements	14
Paperless Trade	17
Cross-Border Paperless Trade	20
IV. Challenges for the Future and Achievements Targeted	23

I. Introduction: The Global Survey on Trade Facilitation and Paperless Trade

Background and objectives

The Global Survey on Trade Facilitation and Paperless Trade has been conducted by the United Nations Regional Commissions (UNECA, UNECE, UNECLAC, UNESCAP and UNESCWA), in collaboration with the OECD and UNCTAD in order to collect relevant data and information on trade facilitation and paperless trade from their respective member states.

It covers both the implementation of some important measures included in the WTO Trade Facilitation Agreement (TFA) and measures aimed at enabling paperless trade, or the conduct of trade using electronic rather than paper-based data and documentation.

The results of this survey are expected to enable countries of the UNECE Region to better: understand and monitor the process of Trade Facilitation implementation; identify good practices and technical needs; and support evidence based policy-making as well as encouraging cross-regional knowledge sharing.

The Global Survey on Trade Facilitation and Paperless Trade is expected to be conducted at a regular frequency (at least biennially), in order to observe the evolution of countries in the UNECE Region in implementing Trade Facilitation Measures and Paperless Trade.

II. Survey Instrument and Methodology

Origin of the data

The dataset was developed following three steps:

Step 1. The survey instrument was sent by the UNECE Economic Cooperation and Trade Division to the UN/CEFACT¹ Heads of Delegations (HOD) and subsequently in a few cases to national chambers of commerce and trade facilitation experts (from government, private sector and/or academia) in UNECE countries.

Step 2. The completed questionnaires were examined and in the case of inconsistencies or unclear responses, contact (emails and telephone calls) was made with the respondents in order to obtain more precise explanations. When it was necessary, and particularly in the case of an ambiguous replies, further research was conducted (for example looking at OECD trade facilitation indicators) in order to complete the dataset as precisely as possible. The data for Central Asian countries were taken from the survey managed by ESCAP for Asia and the Pacific.

Step 3. Based on data collected, each of the trade facilitation measures included in the survey, and for which enough information was available, were rated either as “fully

¹ United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT)

implemented”, “Partially implemented”, “On a pilot basis”, or “Not implemented”. A score (weighted) of 3, 2, 1, or 0 was respectively assigned to each of these four implementation stages in order to calculate implementation scores and averages for individual measures across countries, region or categories.

Categories

The Global Survey was conducted in twenty-seven countries in the UNECE Region. The Survey instrument was prepared taking into account the final list of provisions included in the WTO Trade Facilitation Agreement (TFA). It covers 31 Trade Facilitation Measures divided into three groups: General Trade Facilitation measures, Paperless Trade and Cross-Border Paperless Trade. The group “General Trade Facilitation” is divided into three subgroups: Transparency, Formalities and, Institutional Arrangements and Cooperation.

		Trade facilitation measures (and question No.) in the questionnaire
General TF measures	Transparency	2. Publication of existing import-export regulations on the Internet 3. Stakeholder consultation on new draft regulations (prior to their finalization) 4. Advance publication/notification of new regulation before their implementation 5. Advance ruling (on tariff classification) 9. Independent appeal mechanism (for traders to appeal Customs and other relevant trade control agencies’ rulings)
	Formalities	6. Risk management (as a basis for deciding whether a shipment will be or not physically inspected) 7. Pre-arrival processing 8. Post-clearance audit 10. Separation of Release from final determination of customs duties, taxes, fees and charges 11. Establishment and publication of average release times 12. Trade facilitation measures for authorized operators 13. Expedited shipments 14. Acceptance of paper or electronic copies of supporting documents required for import, export or transit formalities.
	Institutional arrangement and cooperation	1. Establishment of a national trade facilitation committee or similar body 31. Cooperation between agencies on the ground at the national level 32. Government agencies delegating controls to Customs authorities
Paperless trade		15. Electronic/automated Customs System established 16. Internet connection available to Customs and other trade control agencies at border-crossings 17. Electronic Single Window System 18. Electronic submission of Customs declarations 19. Electronic Application for Customs Refunds 21. Electronic Submission of Air Cargo Manifests 22. Electronic Application and Issuance of Preferential Certificate of Origin 23. E-Payment of Customs Duties and Fees 24. Electronic Application and Issuance of Trade Licenses
Cross-Border Paperless trade		25. Laws and regulations for electronic transactions 26. Recognised certification authority 27. Engagement in trade-related cross-border electronic data exchange

	28. Electronic exchange of Certificates of Origin 29. Electronic exchange of Sanitary & Phyto-Sanitary Certificates 30. Banks and insurers retrieve letters of credit electronically without the lodging of paper-based documents
--	---

III. Trade Facilitation: Key Findings of the Survey

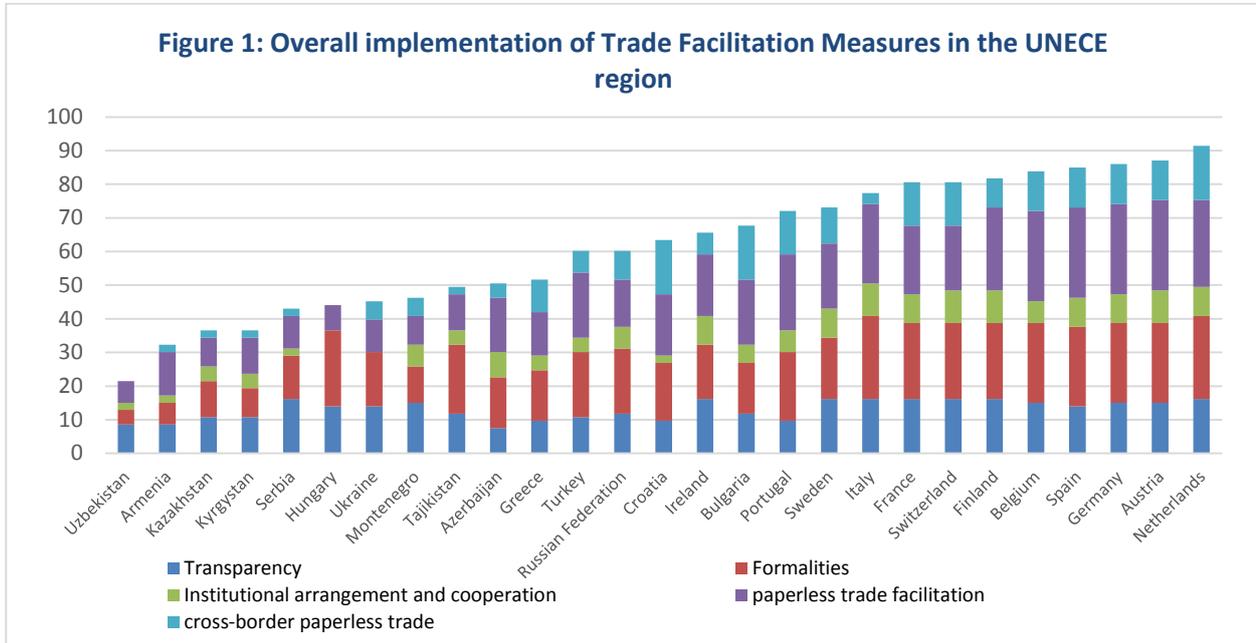
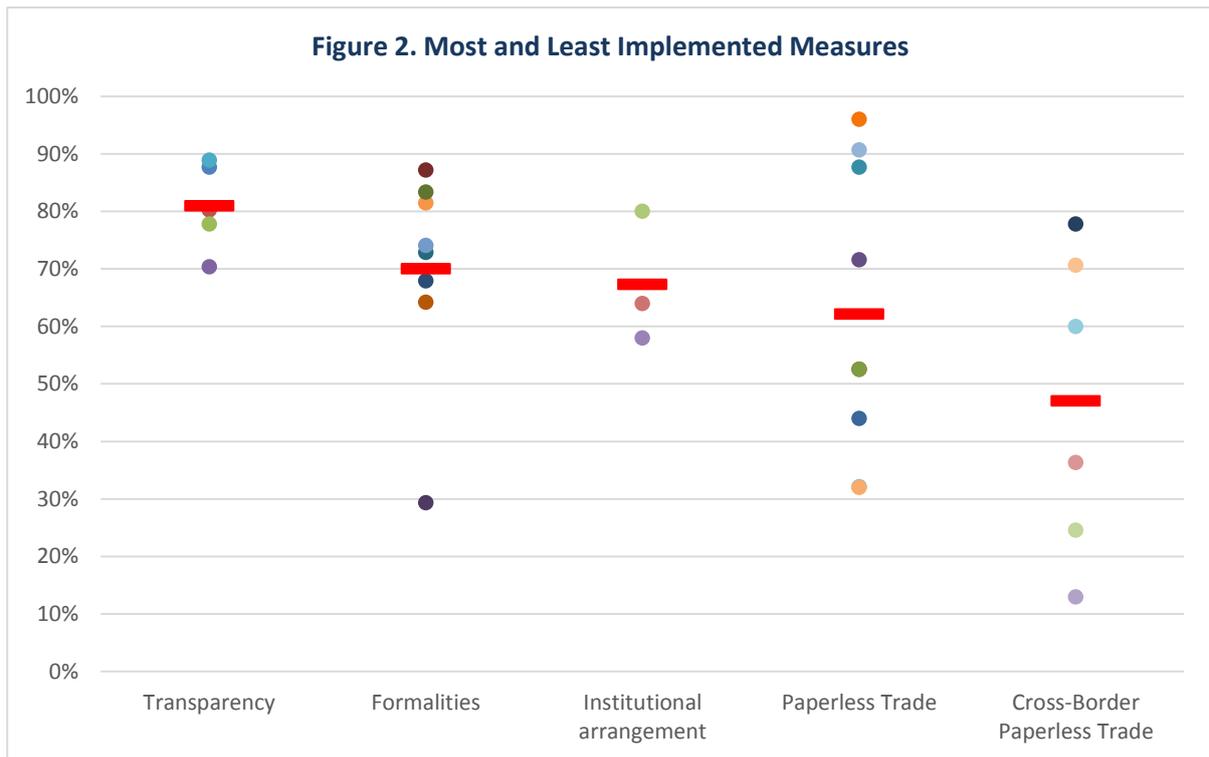


Figure 1 shows the overall implementation levels for each country (percentage implemented out of possible score of 93) and, inside of that, the implementation level for each category proportionate to the full implementation (100 percent) score of all measures for countries included in the Survey.² It is based on a collection of 31 trade facilitation and paperless trade measures. The implementation of trade facilitation measures is relatively heterogeneous.

The Regional average for implementation is 62%. About a third of the countries included in the Survey have a level of implementation of 80% or above. On the other hand, the level of implementation barely reaches 60% in about half of the countries surveyed (thirteen). Most of these countries are from Central Asia and the Caucasus region. As could be expected, more economically advanced economies have a higher level of implementation. The Netherlands reaches a level of implementation that is above 90% for each category of measures.

² The score 93 is the maximum score for all categories in total, it corresponds to a full implementation level.



Note: Coloured dots show average implementation in the UNECE region for the individual measures within each category.

The next figure (Figure 2) reviews average implementation for individual measures within the five categories of measures (Transparency, Formalities, Institutional Arrangement, Paperless Trade, Cross-Border Paperless Trade).

The level of implementation for the measures included in each category presents some disparities. On the one hand, Transparency, Formalities and Institutional Arrangement exhibit a relatively homogeneous and high percentage of implementation for each measure (except from one). In contrast, the implementation levels for measures included in the Paperless Trade and Cross-Border Paperless Trade categories vary from very low to high.

Figure 3: Implementation Score as a Percent by Income Group

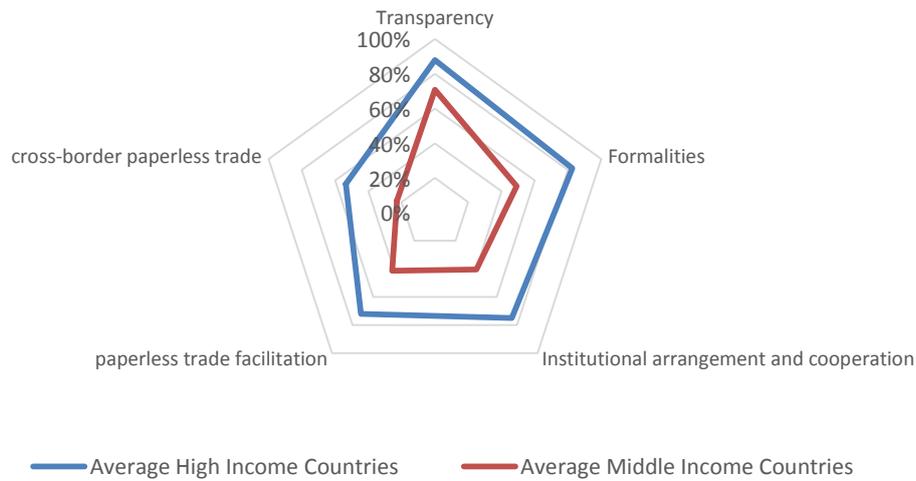


Figure 3 shows, for two groups of countries in the UNECE region (Middle-income and High-income)³ the average implementation as a percent of the maximum possible score. The regional average of implementation is 62%; Transparency has the highest percentage of implementation for both income-level groups. It reached 88% for High Income Countries and 71 % for Middle Income Countries. Cross-Border Paperless Trade has the lowest percentage of implementation for both groups. It barely reaches 54% for High Income Countries and only 23% for Middle Income Countries.

Figure 4: Implementation Score as a Percent in EU and Non EU Countries

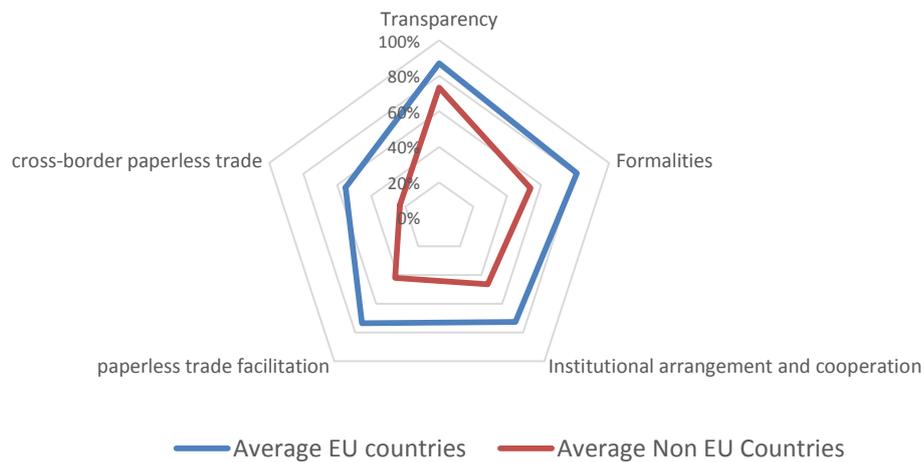


Figure 4 shows for EU countries and other countries in the UNECE region the average implementation as a percent of the maximum possible score. Figures 3 and 4 are quite similar

³ Determined for each category by adding up all the scores for the countries in a group, dividing the total by the number of countries (to have the average score for the group) and then dividing this average score by the maximum possible score (to have the average percentage implemented).

with almost the same results. However, it is worth noting that a slight decrease of implementation is observable in each category, particularly when making a comparison between EU countries and High Income Countries. For example, for the Category “Institutional arrangements” the average score is 72.6% for EU countries (Figure 4) and 80% for High Income Countries (Figure 3).

Transparency

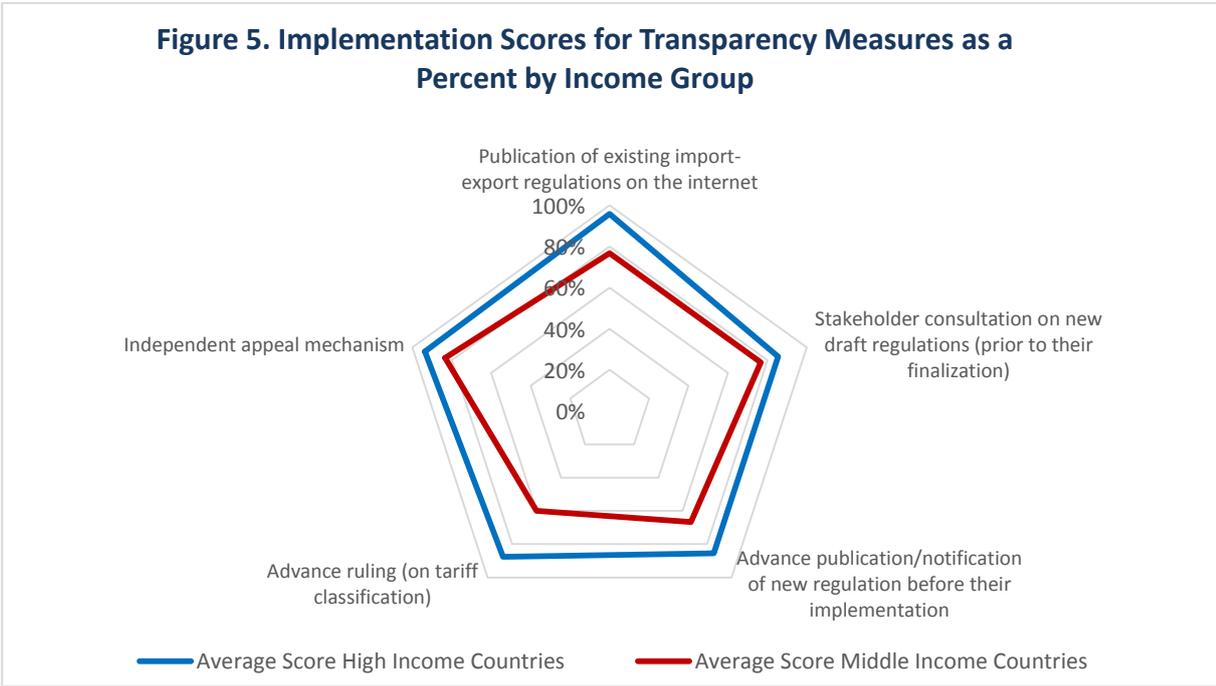


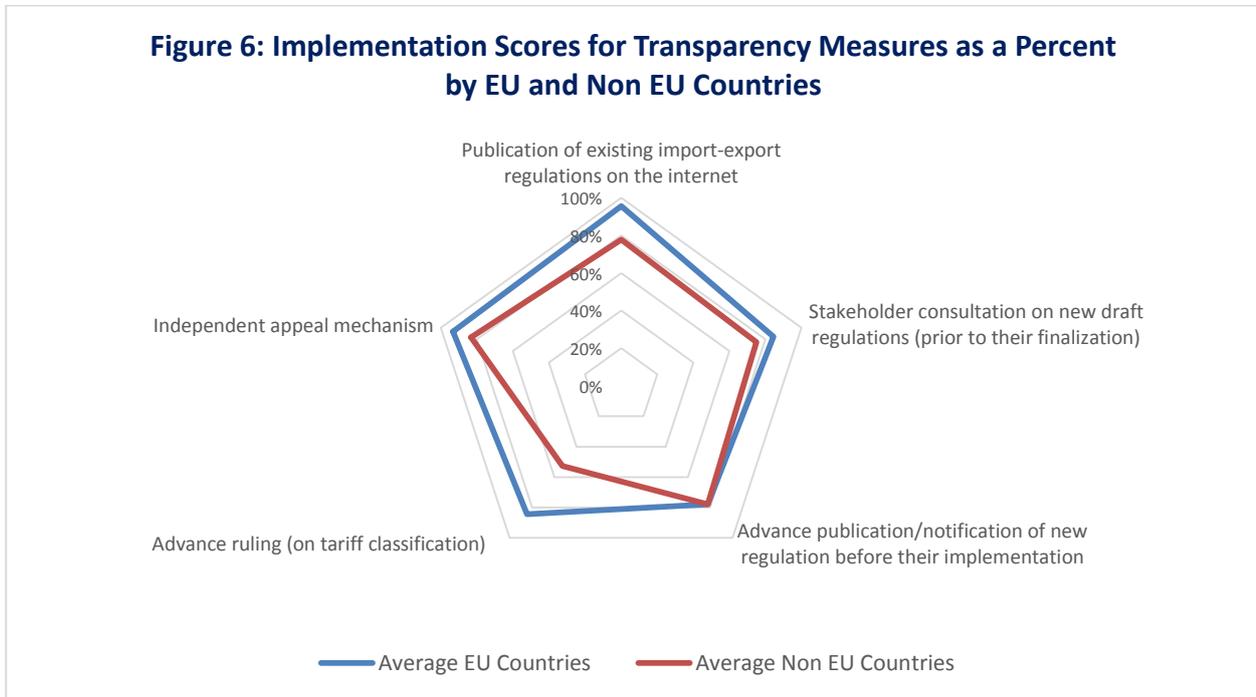
Figure 5 shows the average level of implementation of each measure for the UNECE region, converted into percentages (of the maximum possible score).

The regional average of implementation for the Transparency category is 81% (89.5% for High Income Countries and 72.6% for Middle Income Countries).

It is worth noting that every measure for High Income Countries has been implemented with a percentage of well above 80%. The Transparency category, and the measures it includes, is also the best-implemented one for Middle Income Countries (76%). These implementation levels are higher than for other measures in other categories.

The most implemented measure for High Income Countries is *Publication of existing import-export regulations on the Internet* and *Independent appeal mechanism* with an average implementation score of 95%. The most implemented measure for Middle Income Countries is *Independent appeal mechanism* (83.33%).

The least implemented measure differs. On the one hand, *Stakeholder consultation on new draft regulations (prior to their finalization)* is the least implemented measure for High Income Countries. On the other the other hand, *Advance ruling (on tariff classification)* is the least implemented measure for Middle Income Countries (60%).



The average score for Transparency measures for EU countries is 87% and 73% for Non EU countries.

Figure 6 is very similar to Figure 5 even if a slight difference is observable for the measure *Advance ruling (on tariff classification)*: The European Union group has a lower score than the High Income group (84% for EU countries against 87.50% for High Income countries) and countries not included in the European Union have an average score (50%) that is lower than the score for Middle Income countries (60%).

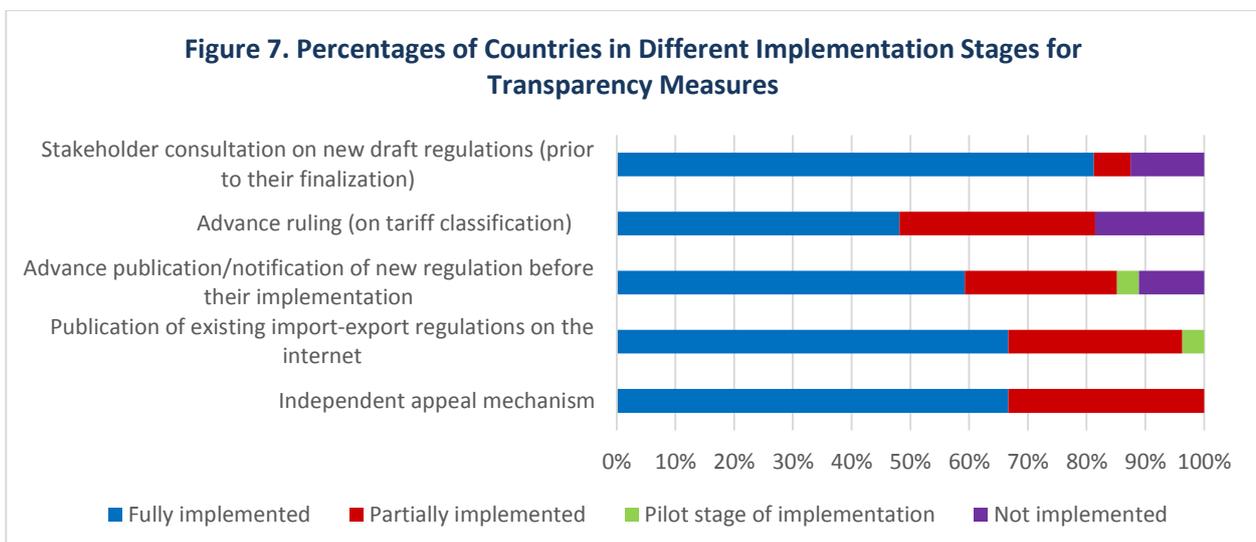


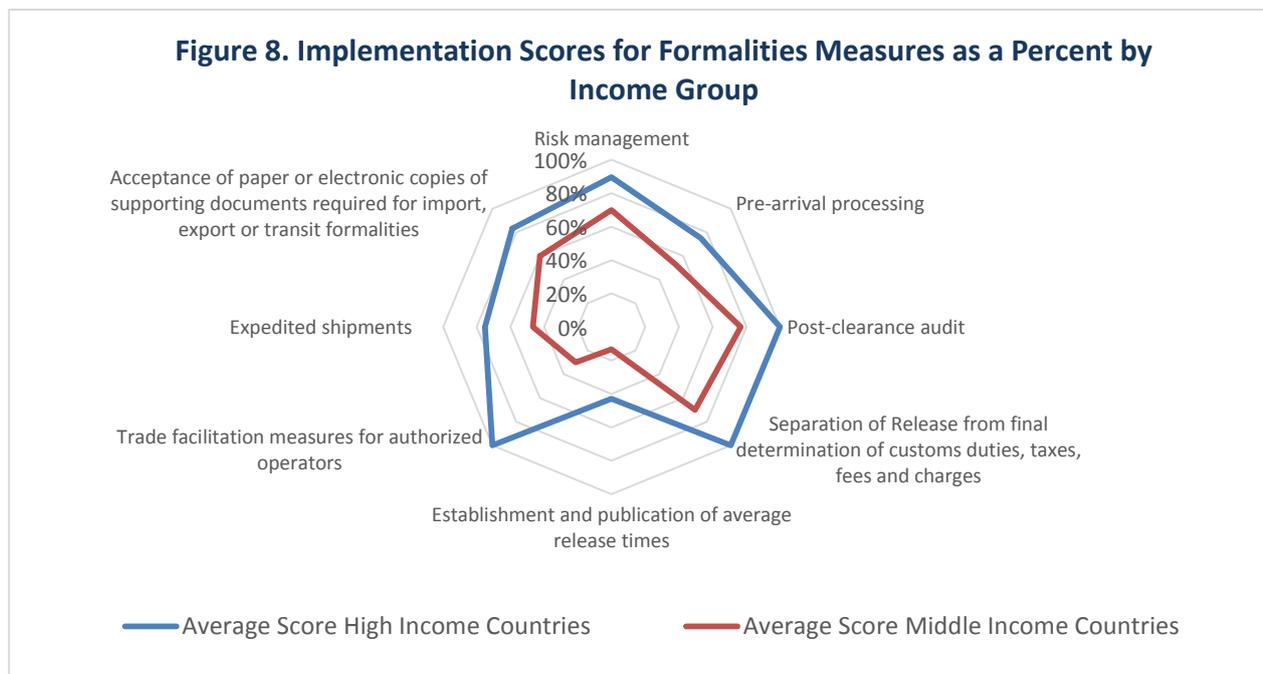
Figure 7 lists the percentages of countries that have implemented the Transparency measures fully, partially, in a pilot stage or not at all.

Independent appeal mechanism is the most implemented measure. Of the surveyed countries, 100 percent has either fully or partially implemented this measure. It has been fully implemented by 18 countries and 9 countries have partially implemented it.

Publication of existing import-export regulations on the internet has been implemented by each country (at least at the pilot stage level).

The least implemented measure is *Stakeholder consultation on new draft regulations (prior to their finalization)* with 51% of the UNECE Region that has either fully or partially implemented it.⁴

Formalities



The regional average for Formalities is 70% (83% for High Income Countries and 52.5% for Middle Income Countries).

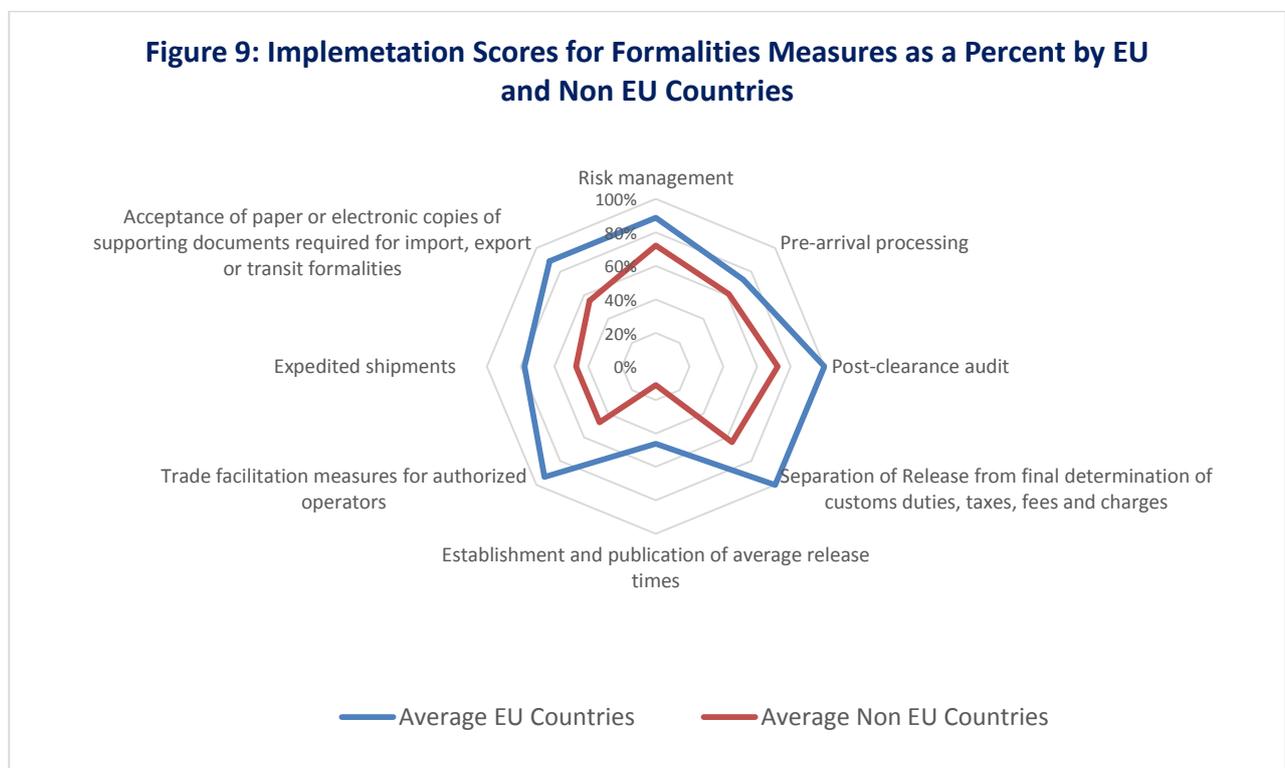
The level of implementation varies significantly across measures (Figure 8). It is remarkable that most of the measures seem to have been implemented to a significant extent except for one measure.

⁴ The total number of countries that have fully, partially, pilot stage or not implemented a measure can differ from one measure to another because countries that replied Do not know (DK) or Not Applicable (NA) for one measure were not taken into account.

The measure, *Establishment and publication of average release times* has an extremely low average score for High Income Countries (42.86%) compared to other measures from the category and also when compared to all other measures covered by the survey. The average score is even lower for Middle Income Countries with only 13%.

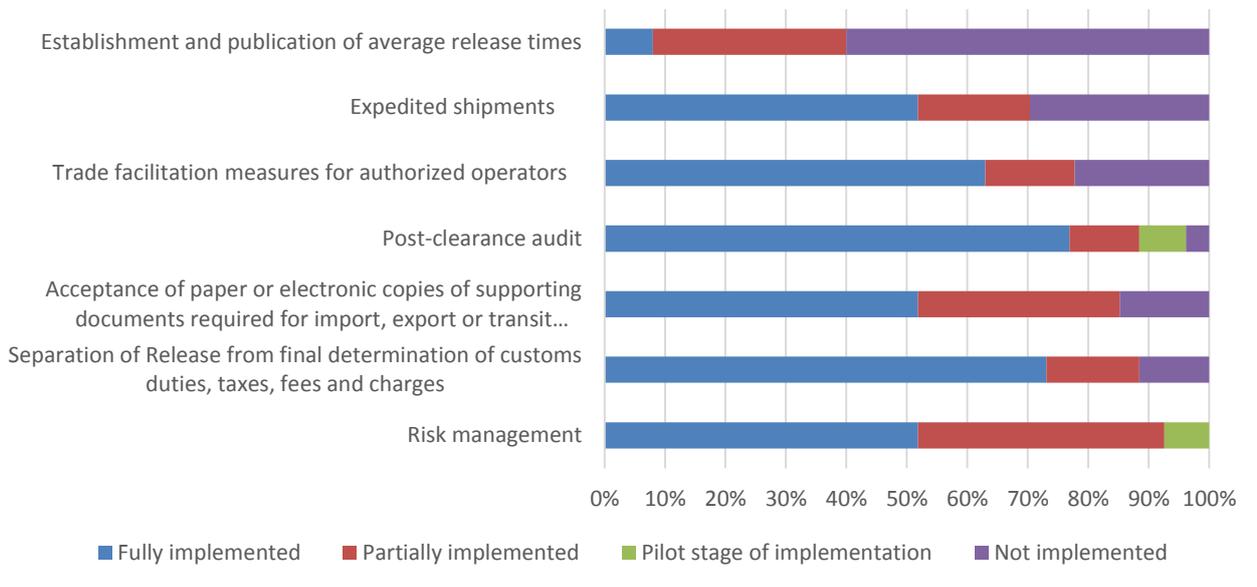
Release is a critical step in the clearance process as it reflects the combined result of decisions by government agencies. Therefore, the time required by the government to release goods is one of the most relevant performance indicators, in particular because it has a tremendous impact on the cost of trade. Lack of coordination often leads to duplicate inspections and a longer release time than is necessary.

The most implemented measure in this category is *Separation of Release from final determination of customs duties, taxes, fees and charges* with an average score of 100% for the High Income Countries and 70% for Middle Income Countries.



The average score for the Formalities category is 83.6% for EU countries and 53.8% for Non EU countries. These averages are very close to the one from Figure 8 for High and Middle income Countries. It is striking to observe that there is a gap of implementation for the measure *Establishment and publication of average release times*, the implementation level is indeed low for both groups but EU countries have a higher level of implementation (46%) than Non EU countries (11%).

Figure 10. Percentages of Countries in Different Implementation Stages for Formalities Measures

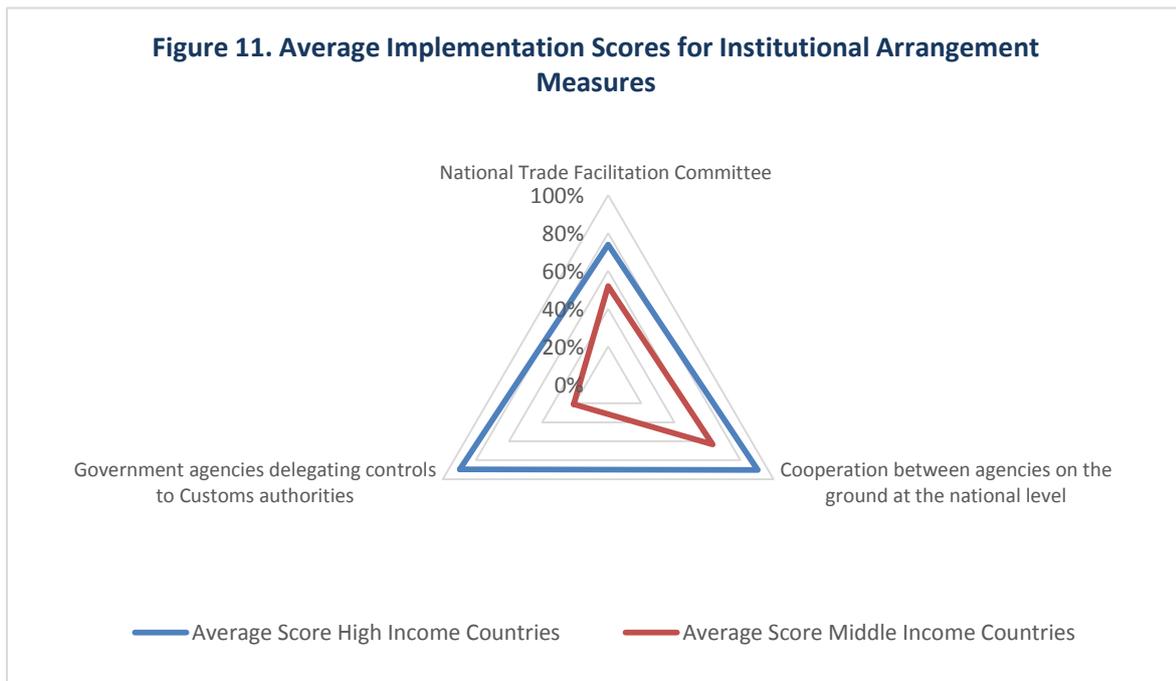


The measure *Risk management* has been fully implemented (at least on a pilot basis level) in the UNECE Region (Figure 10).

Only two countries have fully implemented the measure, *Establishment and publication of average release times* and fifteen countries have not implemented it at all.

Institutional arrangements

Figure 11. Average Implementation Scores for Institutional Arrangement Measures



The Institutional Arrangements category includes only three measures (Figure 11). These relate to the long-standing recommendation that a national trade facilitation body and other measures should be implemented to ensure coordination and cooperation among the various government agencies and other stakeholders involved in facilitating trade. The regional average of implementation for Institutional Arrangement is 67% (84.7% for High income Countries and 45.3% for Middle Income Countries).

The National Trade Facilitation Committee is the main measure⁵ in this category and it also has the lowest average score of implementation with 73.81% for the High Income Countries. The average score for the former measure for the Middle Income Countries is even lower 51.85%. However, the least implemented measure for Middle Income Countries is *Government agencies delegating controls to Customs authorities* (20.83%).

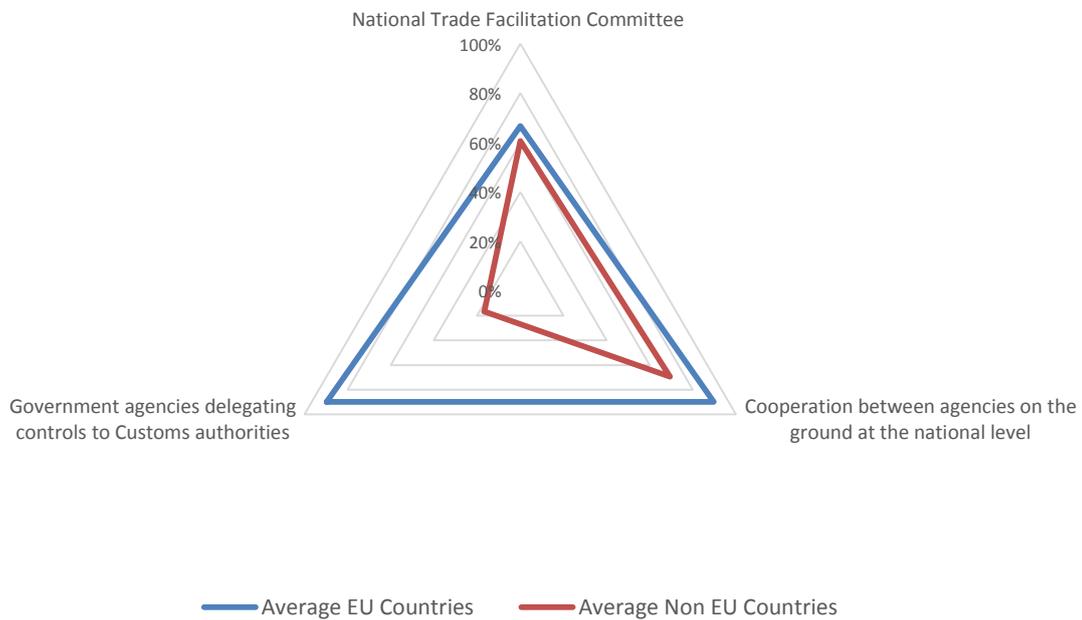
Cooperation between agencies on the ground at the national level is the most implemented measure with 90.48% average score.

At the same time, it seems counterintuitive that, on one hand *Cooperation between agencies on the ground at the national level* is the best ranked measure in terms of average score and, on the other hand, *National Trade Facilitation Committee* is the least implemented measure in the same category. What it suggests is that there may be other means of cooperation in these countries, which substitute for the National Trade Facilitation Committee measure, or that cooperation between government agencies is more developed than cooperation between these agencies and the private sector (both being included in National Trade Facilitation Committees).

National Trade Facilitation Committees are an established coordination mechanism, their establishment is advocated in order to streamline trade procedures and implement trade facilitation measures at a national level. A Committee is essential in order to establish a transparent, consistent and predictable environment for border transactions based on simple and standardized Customs procedures and practices.

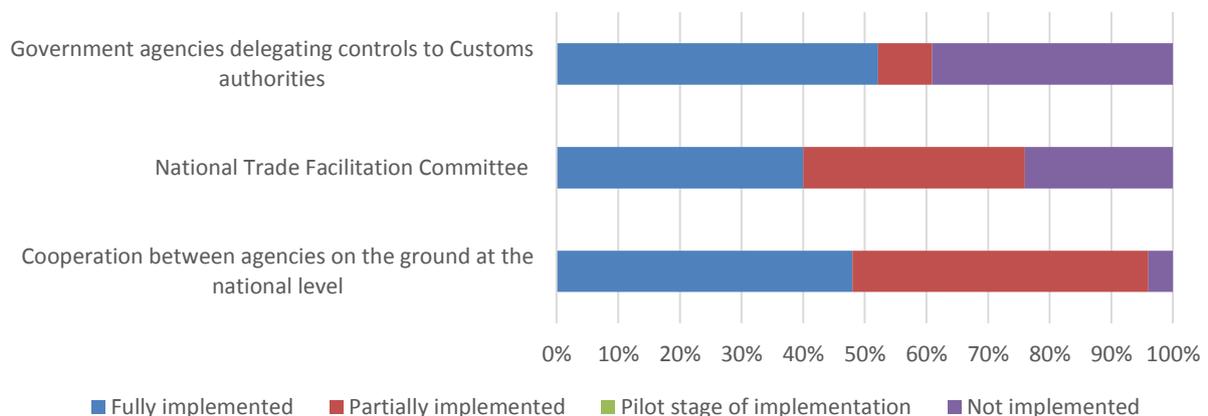
⁵ See UNECE Recommendation No. 4 National Trade Facilitation Bodies

Figure 12: Implementation Scores for Institutional Arrangement Measures by EU and Non EU Countries



The average implementation score for the Institutional arrangement category is 82% for EU countries and 49% for Non EU countries. In contrast to Figure 11, EU countries have a lower average than High Income Countries and Non EU countries have a higher average than Middle Income countries. This means that countries, which are not members of the European Union, but are High Income Countries, are pushing up the average level of implementation.

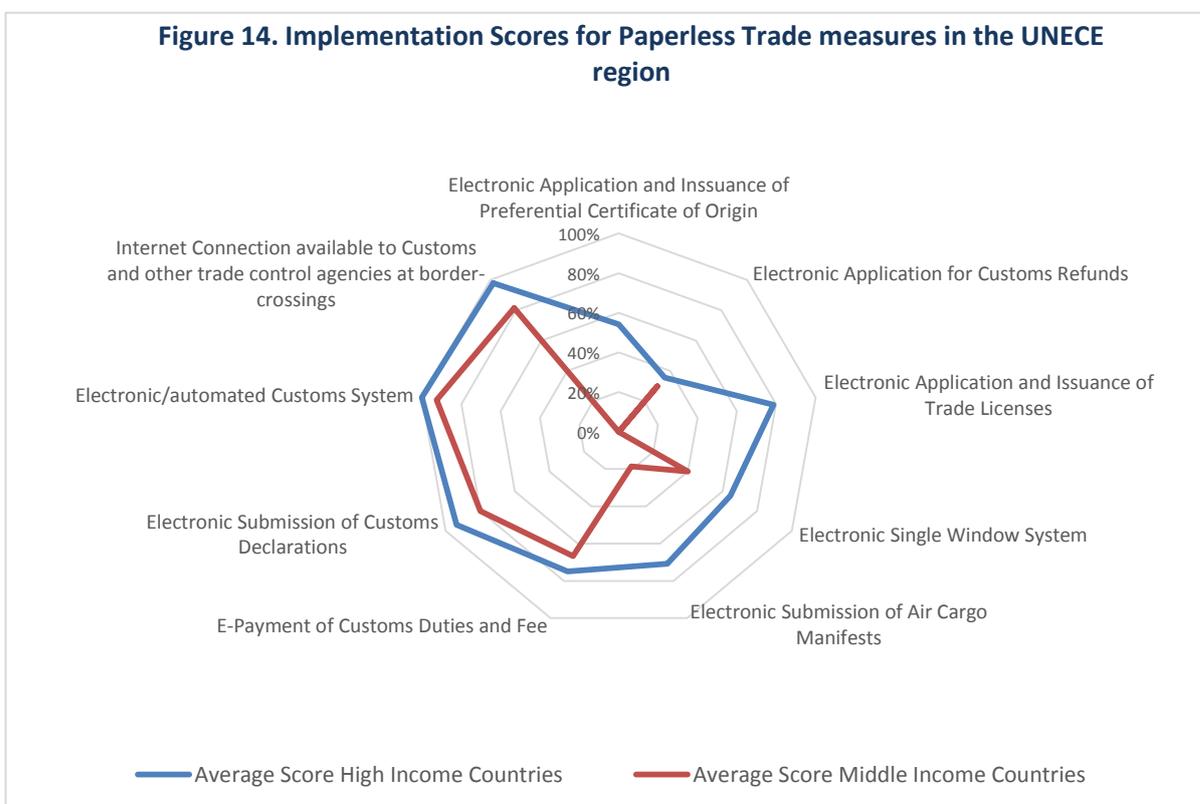
Figure 13. Percentages of Countries in Different Implementation Stages for Institutional Arrangement Measures



Cooperation between agencies on the ground at the national level has been fully or partially implemented by twenty-four countries in the UNECE region and with Ukraine being the only surveyed country that has not done so.

The least implemented measure by UNECE countries is *Government agencies delegating controls to Customs authorities* with only fourteen countries having either fully or partially implemented this measure. The measure is ranked last in terms of total of countries that have fully or partially implemented the measure. Twelve countries have fully implemented it.

Paperless Trade

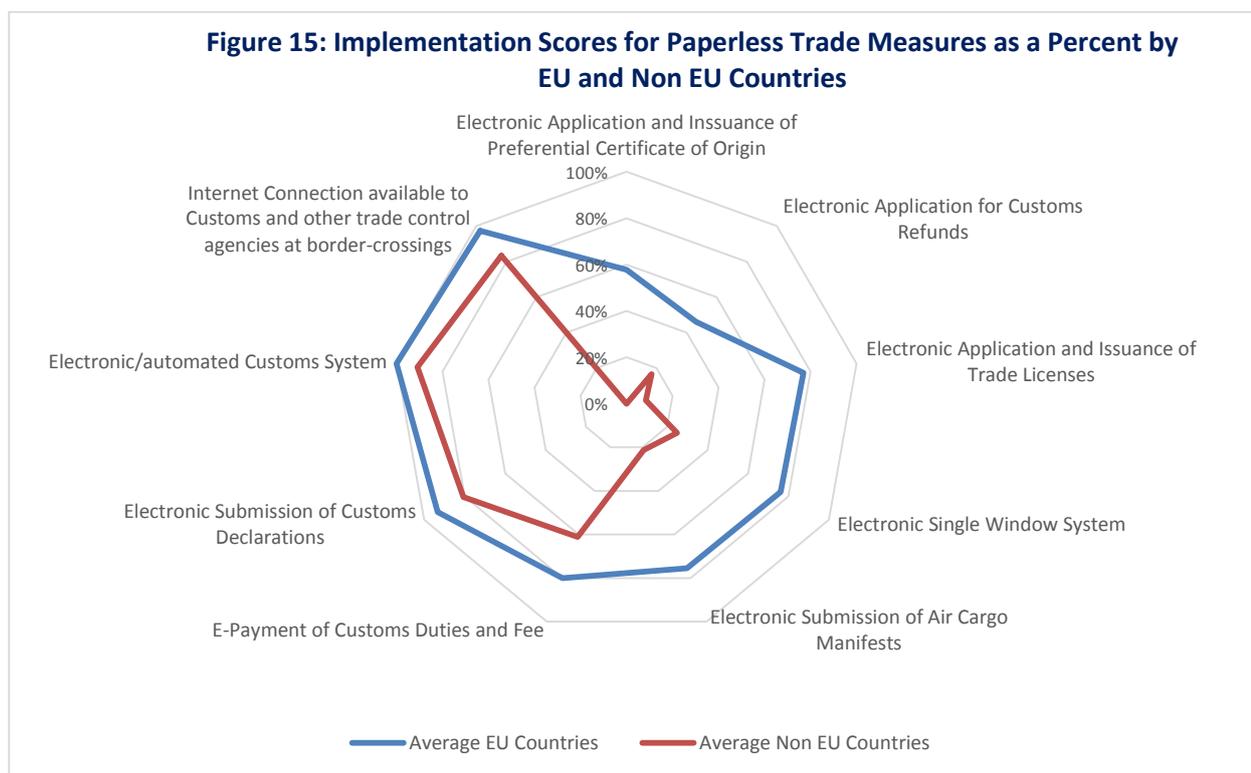


The “Paperless Trade” category includes nine measures (Figure 14). All of these measures involve the use and application of modern information and communications technologies (ICT) in trade “formalities”, starting from the availability of Internet connections at border crossings and customs automation to full-fledged electronic single window facilities.⁶ The regional average for Paperless Trade measures is 62% (74.5% for High income countries and 45.5% for Middle Income Countries).

⁶ Many of the measures in “Paperless category” are closely related to those specified in the WTO TFA

Electronic/automated Customs System has the highest average score of 100% for High Income Countries and 92 % for Middle Income Countries. In contrast, *Electronic Application for Customs Refunds* has the lowest average of implementation (35.71% for High Income countries and 30% for Middle Income Countries). It is striking that two measures, which are closely related, are the most and the least implemented ones with extremely high (and respectively low) average scores. A similar pattern can be observed in the Asia Pacific.

Electronic Application and Issuance of Preferential Certificate of Origin is well below the overall regional implementation average (54.17% in High Income countries and 0% implementation in Middle Income Countries). The implementation of this measure is essential to facilitate many bi-lateral and multi-lateral trade agreements, for both food and manufactured goods.⁷

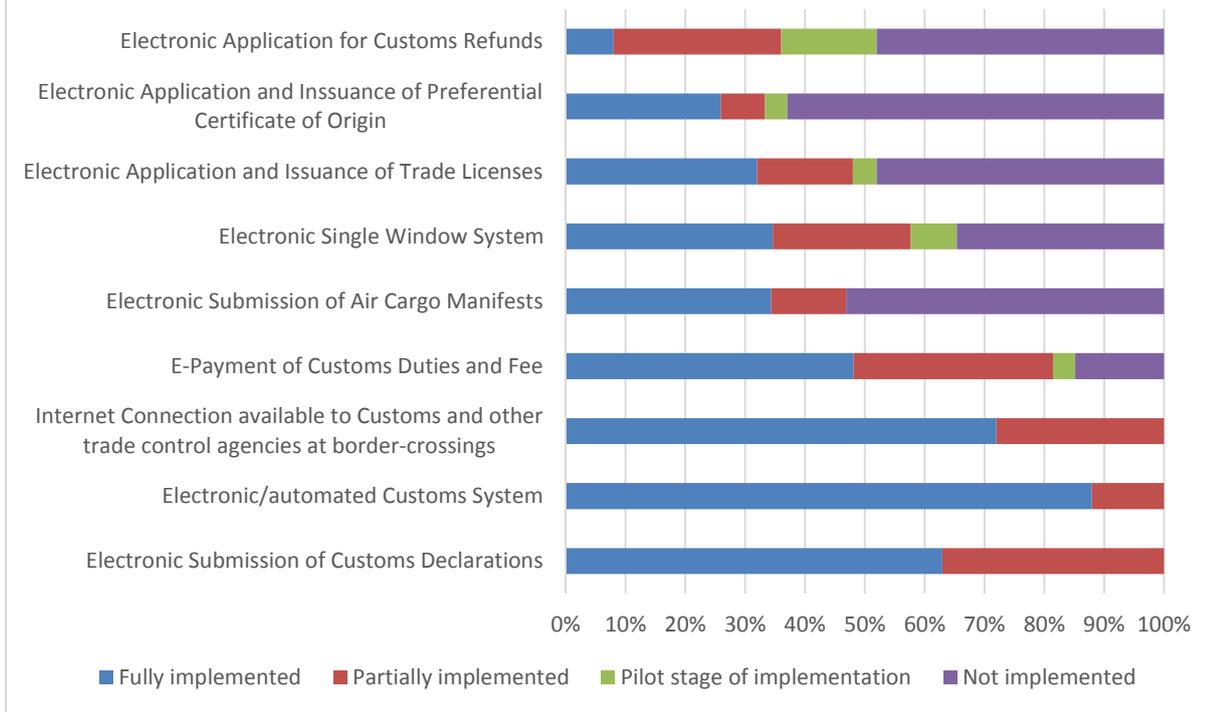


The average of implementation for the category Paperless Trade is 78.2% for EU countries and 43% for the Non EU countries. It is worth noting the contrast between Figure 14 and 15 especially for the measure *Electronic Application for Customs Refunds*; EU countries have an average level of implementation of 46% (against 35.7% for High Income countries) while it is 16.7% for the Non EU countries (against 30% for Middle Income Countries).

This means that the overall lack of implementation of the measure *Electronic Application for Customs Refunds* is due to a low level of implementation by countries outside the European Union. This observation is also applicable to the measure *Electronic Single Window System*.

⁷ see UNECE Publication; Trends for collaboration in international trade: Building a common single Window Environment

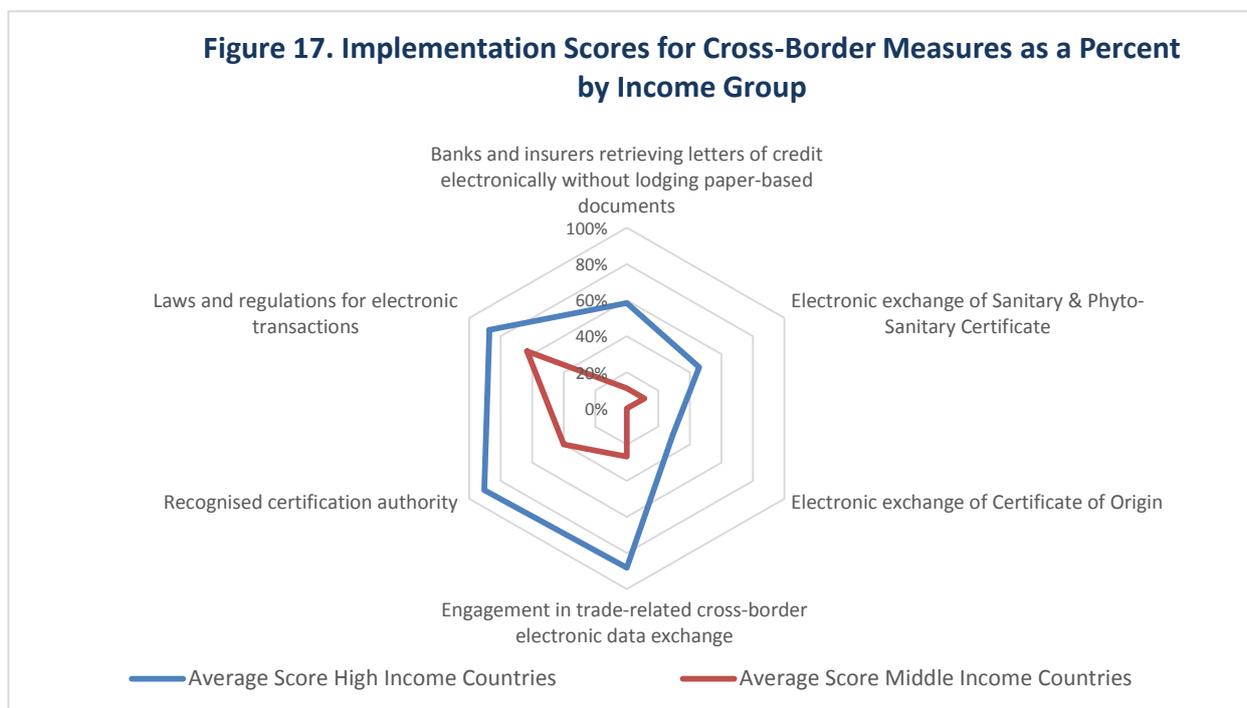
Figure 16. Percentages of Countries in Different Implementation Stages for Paperless Trade Measures



Electronic Submission of Customs Declarations has been fully implemented by 17 countries and partially implemented by 10 countries. 100% of the UNECE region has at least partially implemented this measure. (Figure 16) *Electronic/automated Customs System* has been fully implemented by 22 countries.

The least implemented measure by UNECE countries is *Electronic Application for Customs Refunds* with only two countries having fully implemented it and seven countries having not implemented it at all.

Cross-Border Paperless Trade



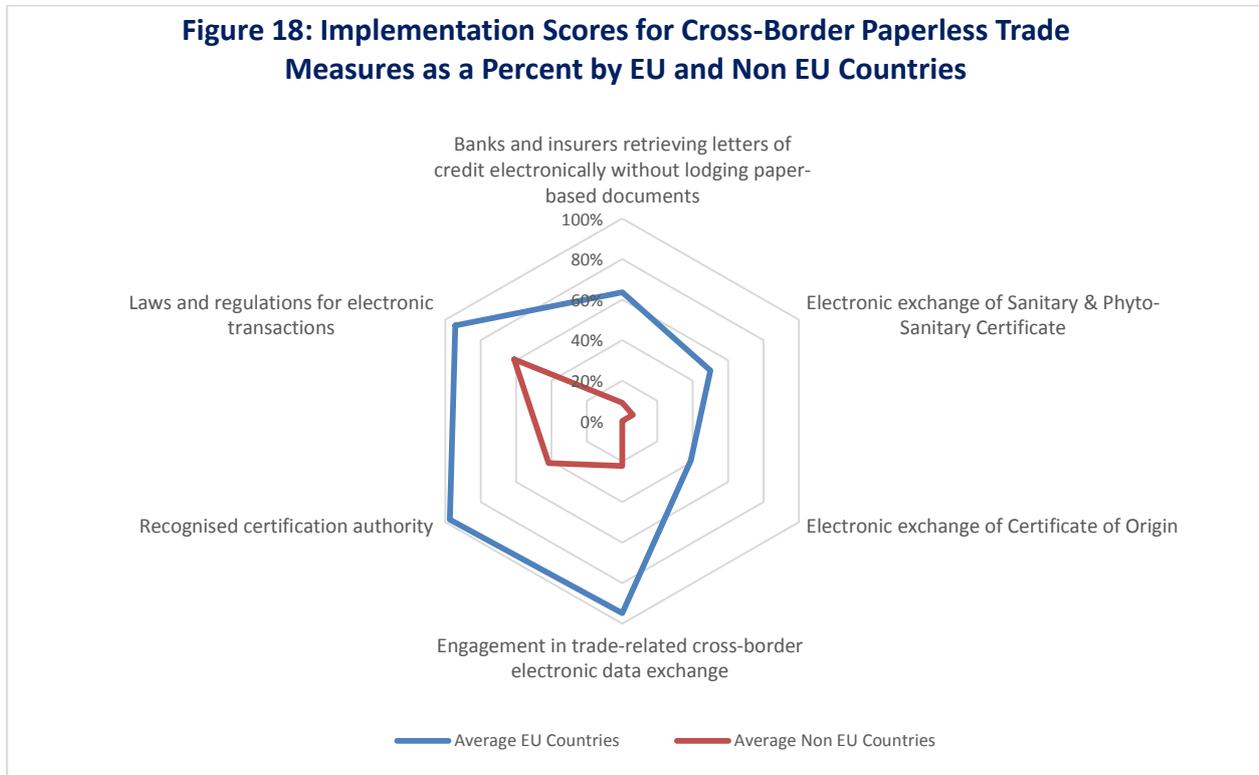
The Cross-Border Paperless Trade category includes six measures (Figure 17). Two of the measures, *Laws and regulations for electronic transactions* and *Recognised certificate authority* are basic building blocks for enabling the exchange and legal recognition of electronically exchanged trade-related data and documents not only among stakeholders within a country but also between stakeholders along the entire international supply chain. The other four measures relate to the implementation of systems enabling the actual exchange of trade-related data and documents across borders to remove the need for sending paper documents.

The regional average for Cross-Border Paperless Trade measures is 47% (66.5% for High Income Countries and 25.4% for Middle Income Countries).

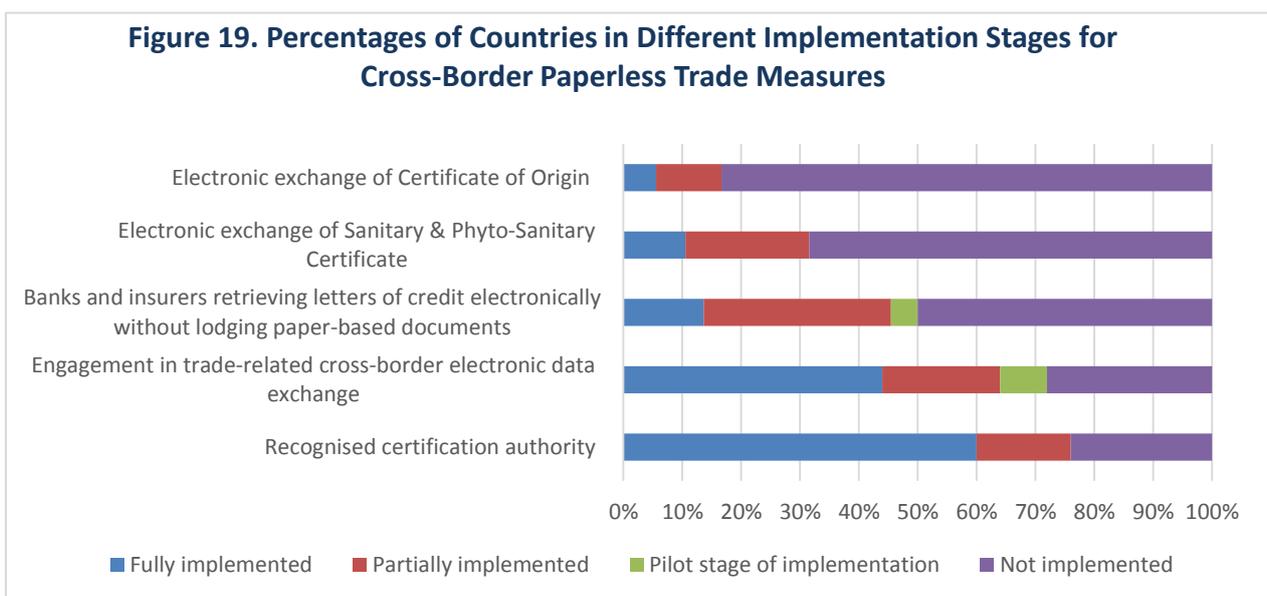
The measure, *Recognized certification authority* has the highest average score with an implementation level of 90% for High income Countries (and 40% for Middle Income Countries). However *Laws and regulations for electronic transactions* is the most implemented in Middle Income Countries with 63%.

Electronic exchange of Certificate of Origin has the lowest average score within the category and across all categories combined with 29% for High income countries and 0% in Middle Income Countries. It is an essential measure because certificates of origin attest to the admissibility of certain goods covered by customs declarations when they are loaded or unloaded. The main

objective of this measure is to ensure the secure transmission of certificates of origin, making data available to various stakeholders, and establishing an electronic exchange platform.



The overall average score of the category Cross-Border Paperless Trade is 73.2% for EU countries and 23.4% for the Non EU countries. Figures 17 and 18 are similar.



It is striking that the measure *Electronic exchange of Certificate of Origin* has not been implemented by fifteen countries and only one country has fully implemented it⁸ (Figure 19).

The figure also shows that the UNECE region, for the large part, has fully or partially implemented the basic measures to support electronic transactions but the legal and regulatory frameworks remain incomplete. Several countries have not even implemented certifications on a pilot basis.

⁸ Croatia

IV. Challenges for the Future and Achievements Targeted

Responses to the Global Survey on Trade Facilitation and Paperless Trade were received from twenty seven countries in the UNECE Region and these were divided into two different income level groups.

The measures included in the Survey included part of the WTO Trade Facilitation Agreement (TFA) measures and, in addition, measures for enhancing Paperless Trade Systems and that could eventually lead to the sole use of electronic data. The results of the Survey should provide support to participating countries as they look to define targets in order to reduce the cost of trade, ensure best practices and ensure coordination both domestically and across borders.

The regional average of trade facilitation implementation is approximately 65%, implying that UNECE economies are on the right path toward the implementation of trade facilitation measures even if much more needs to be done especially concerning the implementation of Paperless Trade and Cross-Border Paperless Trade measures.

The survey revealed that national paperless systems have relatively higher scores than those of cross border paperless trade measures. This hints at the need for greater collaboration among the countries in order to increase the electronic exchange of trade related data and create appropriate legal frameworks for doing so.